

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6272**

**BILL NUMBER:** SB 169

**NOTE PREPARED:** Feb 7, 2013

**BILL AMENDED:** Feb 7, 2013

**SUBJECT:** Fire Insurance Proceeds Escrow Account.

**FIRST AUTHOR:** Sen. Head

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill applies the law concerning insurance proceeds escrow deposits to all cities and towns, phased in over three years. (Current law applies only to first and second class cities.) The bill provides for insurer notice to a municipality of an insurance claim filed for structure damage caused by fire or explosion. It also provides for municipality notice to an insurer of estimated or actual costs to the municipality for demolition or rehabilitation of the structure under the unsafe building law. This bill requires a deposit of a certain amount of available insurance proceeds to an escrow account. The bill also repeals: (1) a definition made obsolete by the bill; and (2) current notice requirements that apply to Gary and Hammond.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) The bill could result in local governments receiving insurance proceeds to recoup certain costs incurred for demolition or rehabilitation of damages to a building or structure caused by a fire or explosion. The specific impact will depend on the number and nature of damages caused by fire or explosions.

**State Agencies Affected:**

**Local Agencies Affected:** Municipalities.

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 232-9559.